

AMENDED IN ASSEMBLY JUNE 18, 2014

AMENDED IN SENATE APRIL 22, 2014

AMENDED IN SENATE APRIL 2, 2014

**SENATE BILL**

**No. 1273**

---

---

**Introduced by Senator Lara  
(Coauthor: Senator Correa)**

February 21, 2014

---

---

An act to amend Sections 11629.7, 11629.71, 11629.72, 11629.73, 11629.745, 11629.75, 11629.76, 11629.77, 11629.81, ~~11629.84, 11629.85, and 11629.87~~ of 11629.84, 11629.85, and 11629.86 of, and to repeal and add Section 11629.87 of, the Insurance Code, relating to insurance.

LEGISLATIVE COUNSEL'S DIGEST

SB 1273, as amended, Lara. Insurance: low-cost automobile insurance program.

(1) Existing law establishes within the California Automobile Assigned Risk Plan (CAARP) a low-cost automobile insurance program for all counties in California, until January 1, 2016, in order to provide a means for eligible consumers to buy automobile insurance, as specified. The parameters of the program, include, but are not limited to, value limits for the insured vehicle, initial ratesetting for certain counties, a surcharge for specified high-risk drivers, eligibility, sales commissions set at the rate CAARP pays for private passenger nonfleet risks, cancellation restrictions, *rate and surcharge setting restrictions*, and reporting requirements. *Existing law limits the premium financing arrangements under the program to those offered by CAARP and one*

*under which the insured pays no more than 15% of the policy cost initially followed by 6 payments.*

This bill would revise and recast the parameters of the program by, among other things, deleting provisions that limit the initial implementation of the program to specified counties and that require the Insurance Commissioner to make a need-based assessment as to implementation in all other counties, ~~and deleting increasing the limits on the value of an automobile that can be insured through the program, and authorizing that value to be determined by a method adopted by CAARP and approved by the Commissioner.~~ The bill would extend the repeal date of the program to January 1, 2020. The bill would also expand the surcharge and eligibility requirements to include drivers with fewer than 3 years of driving history, including a person who operates a motor vehicle with a specified type of driver's license, or drivers who have not been continually licensed for the past 3 years. *The bill would require, after the January 1, 2017, rate filing, that subsequent rate filings be mandatory if the rate indication is a change of greater than 7% from the previous filing, or at the discretion of the CAARP Advisory Committee if the rate indication is a change of less than 7%. The bill would allow additional premium payment plans, subject to approval by the commissioner, including one under which the insured pays no more than 20% of the policy cost initially followed by 7 payments.*

(2) Existing law requires an agent or broker, referred to as a producer, to inform every new prospective automobile insurance policyholder who requests specified information that the low-cost automobile insurance policy may be available for qualifying motorists. Under existing law, if a consumer requests more information about the program from a producer who is not certified under the plan, that producer is required to provide the consumer with a toll-free telephone number for the plan as an alternative coverage option for the consumer.

This bill would allow those producers to alternatively provide the consumer with the ~~program's~~ *program's* Internet Web site.

(3) Under existing law, a certified producer who issues a low-cost automobile insurance policy pursuant to the program is entitled to the same commission rate as is paid by the plan for private passenger, nonfleet risks.

This bill would instead entitle those certified producers to ~~an unspecified percentage rate of commission. The bill would require the plan and an insurance carrier to notify producers of pending policy~~

~~cancellation, allow a consumer to reinstate a policy in lieu of canceling a policy that has been canceled for nonpayment of premium, to accept payment by check or money order, to allow a consumer or producer to make a down payment and installment payments by debit card or credit card either by telephone or through its Internet Web site. a commission of 12% or \$50, whichever is greater. The bill would require, by January 1, 2016, the CAARP Advisory Committee to report to the commissioner on a proposal, subject to approval by the commissioner, to allow a consumer to reinstate, in lieu of canceling, all policies that have been canceled for nonpayment of premium, and on a proposal, subject to approval by the commissioner, to allow consumers to keep policies in force by making installment payments by debit card or credit card. The bill would also require, by January 1, 2017, the CAARP Advisory Committee to report to the commissioner on a proposal, subject to approval by the commissioner, to allow access to the program for applicants 16 to 18 years of age who are economically independent and meet other eligibility guidelines, and for families who have an adult driver covered under the program and a driver 16 to 18 years of age in the household.~~

(4) Existing law requires the plan to report to the Legislature annually on the status of the program, and requires the commissioner to make an annual report to specified committees of the Legislature.

This bill would instead require the plan to make the former report to the commissioner and to include specified data in that report, and would require the commissioner to combine the 2 reports and submit the combined report to the Legislature on or before March 15 annually.

(5) Existing law requires, in order to be eligible for funding through the budget process, that the plan be reviewed by specified committees of the Legislature.

This bill would delete that provision.

(6) Existing law requires the plan, subject to the commissioner's approval, to establish and maintain an Internet Web site that provides members of the public with an option for either a referral to a list of certified agents or brokers, as specified, or an assignment to a randomly selected certified agent or broker, as specified.

~~This bill would, instead require the plan's Internet Web site to provide consumers both of those options and the additional option to apply directly on the Internet Web site. The bill would require the plan and an insurance carrier to establish a data system, as specified. The bill would also delete obsolete provisions and make conforming changes.~~

*This bill would delete the above provisions and instead require the Department of Insurance, by December 31, 2015, in consultation with the CAARP Advisory Committee, to establish a consumer-oriented Internet Web site that fulfills specified requirements, and would require by December 31, 2015, the CAARP Advisory Committee, subject to approval by the commissioner, to develop a proposal for interested consumers to apply for the program without physically visiting the office of a producer, as provided.*

*(7) This bill would make conforming changes.*

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. Section 11629.7 of the Insurance Code is  
2 amended to read:

3 11629.7. (a) There is established, within the California  
4 Automobile Assigned Risk Plan established under Section 11620,  
5 a low-cost automobile insurance program for all counties in  
6 California.

7 (b) The commissioner, after a public hearing, shall approve or  
8 issue a reasonable plan for the equitable apportionment, among  
9 insurers required to participate in the California Automobile  
10 Assigned Risk Plan established under Section 11620, of persons  
11 who are eligible to purchase through the program a low-cost  
12 automobile insurance policy, as described in Section 11629.71.  
13 The program shall be conducted in conjunction with the California  
14 Automobile Assigned Risk Plan established under Section 11620.

15 SEC. 2. Section 11629.71 of the Insurance Code is amended  
16 to read:

17 11629.71. A low-cost automobile insurance policy for purposes  
18 of the program established under this article shall have all of the  
19 following attributes:

20 (a) The policy shall offer coverage in the amount of ten thousand  
21 dollars (\$10,000) for bodily injury to, or death of, each person as  
22 a result of any one accident and, subject to that limit as to one  
23 person, the amount of twenty thousand dollars (\$20,000) for bodily  
24 injury to, or death of all persons as a result of any one accident,  
25 and the amount of three thousand dollars (\$3,000) for damage to  
26 property of others as a result of any one accident.

(b) The coverage required by Section 11580.2 shall be made available to the consumer. However, an insurer may charge a premium for that coverage in addition to the premium set forth in Section 11629.72. Notwithstanding the coverage amounts required by Section 11580.2 and Section 16056 of the Vehicle Code, uninsured motorist coverage issued in conjunction with a low-cost automobile policy under the program, with coverage limits at least equal to the limits of liability in the underlying low-cost automobile policy, shall satisfy the requirements of Section 11580.2 and the financial responsibility requirements of Sections 4000.37, 16021, and 16431 of the Vehicle Code.

(c) Medical payments coverage shall be made available to the consumer. However, an insurer may charge a premium for that coverage in addition to the premium set forth in Section 11629.72.

(d) The policy shall have an initial term of one year, renewable on an annual basis thereafter.

(e) The policy shall cover the person named in the policy, and to the same extent that insurance is provided to the named insured, any other person using the automobile, provided the use is with his or her permission, express or implied, and within the scope of that permission, except that the policy shall not cover members of the named insured's household who do not satisfy the requirements of subdivisions (b) to (e), inclusive, of Section 11629.73.

(f) *The policy shall provide coverage for an automobile with a value of twenty-five thousand dollars (\$25,000) or less, as evidenced by the value given to the automobile by the Department of Motor Vehicles in assessing vehicle license fees, or another method of determining market value adopted by the California Automobile Assigned Risk Plan Advisory Committee (CAARP Advisory Committee) and approved by the commissioner.*

SEC. 3. Section 11629.72 of the Insurance Code is amended to read:

11629.72. (a) The annual rate offered under the program for each of the counties in California shall be established at a date according to the discretion of the commissioner. Surcharges, as a percentage of the base rate, shall be added to the base rate and that percentage shall be set at the discretion of the commissioner, if the named insured or a resident of the household of the named insured will be a driver of the automobile covered under the low-cost policy, and is either or both of the following:

1 (1) An unmarried male between 19 and 24 years of age.

2 (2) ~~To~~ *A person 19 years of age or older to whom any of the*  
3 *following applies:*

4 (A) Operates a vehicle with a driver's license issued by the  
5 Department of Motor Vehicles pursuant to Section 12801.9 of the  
6 Vehicle Code and has fewer than three years of driving history.

7 (B) Has fewer than three years of driving history.

8 (C) Has not been continually licensed to drive for the past three  
9 years.

10 (b) (1) ~~In addition to existing premium installment options~~  
11 ~~offered by the California Automobile Assigned Risk Plan under~~  
12 ~~Article 4 (commencing with Section 11620), the plan shall also~~  
13 *The California Automobile Assigned Risk Plan shall make available*  
14 *to an insured under the program, subject to approval by the*  
15 *commissioner, a premium installment option pursuant to which an*  
16 *insured is required to pay not more than 15 20 percent of the total*  
17 *policy cost upon issuance of the low-cost policy, followed*  
18 *thereafter by six seven other payments. The plan may make*  
19 *additional payment plans available, subject to approval by the*  
20 *commissioner.*

21 (2) ~~Beginning on January 1, 2015, the commissioner may~~  
22 ~~approve or issue new installment plans in addition to or replacing~~  
23 ~~those offered pursuant to paragraph (1).~~

24 (3)

25 (2) No other premium financing arrangement shall be permitted.

26 (c) Rates for policies issued under the program in each county  
27 or city and county shall be reviewed and revised as follows:

28 (1) Rates shall be sufficient to cover (A) losses incurred under  
29 policies issued under the program, and (B) expenses, including,  
30 but not limited to, all reasonable and necessary expenses such as  
31 the costs of administration, underwriting, taxes, commissions, and  
32 claims adjusting, that are incurred due to participation in the  
33 program. For purposes of this paragraph, "losses incurred" means  
34 claims paid, claims incurred and reported, and claims incurred but  
35 not yet reported. In assessing loss reserves, the commissioner shall  
36 only allow loss reserves that are estimated from actual losses in  
37 the program or comparable data by a licensed statistical agent, as  
38 adjusted to reflect coverage provided under the program.

1 (2) Rates shall be set so as to result in no projected subsidy of  
2 the program by those policyholders of insurers issuing policies  
3 under the program who are not participants in the program.

4 (3) Rates shall be set with respect to the program so as to result  
5 in no projected subsidy by policyholders in one county of  
6 policyholders in any of the other counties.

7 (4) (A) Commencing on January 1, 2015, and ~~no less than~~  
8 ~~every three years thereafter, annually thereafter through January~~  
9 ~~1, 2017~~, the California Automobile Assigned Risk Plan shall submit  
10 the loss and expense data, together with a proposed rate and the  
11 surcharge authorized by subdivision (a) for the low-cost automobile  
12 policy for the program, to the commissioner for approval in  
13 accordance with this chapter. The commissioner shall act on the  
14 recommendation within 90 days.

15 (B) *After the January 1, 2017, rate filing, subsequent rate filings*  
16 *are mandatory if the rate indication is a change of greater than 7*  
17 *percent from the previous filing, or at the discretion of the CAARP*  
18 *Advisory Committee if the rate indication is a change of less than*  
19 *7 percent.*

20 SEC. 4. Section 11629.73 of the Insurance Code is amended  
21 to read:

22 11629.73. A low-cost automobile insurance policy under the  
23 program shall only be available for purchase by persons who satisfy  
24 the following eligibility requirements:

25 (a) The person shall be in a household with an annual gross  
26 household income that does not exceed 250 percent of the federal  
27 poverty level, as defined in Part 6.2 (commencing with Section  
28 12693) or as defined in an equivalent manner that is approved by  
29 the commissioner.

30 (b) The person shall be no less than 19 years of age and have  
31 been continuously licensed to drive an automobile for the previous  
32 three years, except that a person who has not been continually  
33 licensed to drive or has fewer than three years of driving history  
34 may qualify for the surcharge under subdivision (a) of Section  
35 11629.72.

36 (c) The person shall have not more than one of either, but not  
37 both, of the following within the previous three years:

38 (1) A property damage only accident in which the driver was  
39 principally at fault.

40 (2) A point for a moving violation.

1 (d) The person shall not have on record within the previous  
2 three years, an at-fault accident involving bodily injury or death.

3 (e) The person shall not have a felony or misdemeanor  
4 conviction for a violation of the Vehicle Code on his or her motor  
5 vehicle record.

6 (f) The person shall not be a college student claimed as a  
7 dependent of another person for federal or state income tax  
8 purposes.

9 SEC. 5. Section 11629.745 of the Insurance Code is amended  
10 to read:

11 11629.745. (a) An agent or broker, hereafter referred to as a  
12 producer, who conducts business in a county in which a low-cost  
13 automobile insurance policy is available pursuant to this article  
14 shall inform every new prospective automobile insurance  
15 policyholder who requests a minimum limits or basic limits  
16 insurance policy, or coverage to meet California's minimum limits  
17 automobile insurance requirements, that the low-cost automobile  
18 insurance policy may be available for qualifying motorists. The  
19 information may be provided orally if the producer has been  
20 contacted by telephone, or in writing, but shall be communicated  
21 to the policyholder prior to the application for automobile insurance  
22 coverage in the language in which the producer has otherwise  
23 communicated with the consumer.

24 (b) If the consumer requests more information about the low-cost  
25 program the producer shall do either of the following:

26 (1) If the producer is California Automobile Assigned Risk Plan  
27 certified, provide the consumer with an explanation in an  
28 information pamphlet produced by the California Automobile  
29 Assigned Risk Plan and approved and provided by the Department  
30 of Insurance of the qualifications, ~~cost~~ cost, and coverage provided  
31 by the policy. If the consumer qualifies for the low-cost policy and  
32 wishes to purchase the policy, the California Automobile Assigned  
33 Risk Plan certified producer shall provide the application and,  
34 upon completion, submit the application, supporting documents,  
35 and the applicant's certification to the California Automobile  
36 Assigned Risk Plan. The submittal of the California Automobile  
37 Assigned Risk Plan application may be in addition to any other  
38 coverage offered or applied for through the producer.

39 (2) If the producer is not California Automobile Assigned Risk  
40 Plan certified, the producer shall provide the consumer with the



1 toll-free telephone number for the California Automobile Assigned  
2 Risk Plan or the program's Internet Web site address as an option  
3 to coverage offered by the producer.

4 SEC. 6. Section 11629.75 of the Insurance Code is amended  
5 to read:

6 11629.75. (a) A certified producer shall provide to an applicant  
7 for a low-cost automobile insurance policy under this article a  
8 notice relating to coverage under the policy. The notice shall be  
9 provided in a separate document at the time of application, and  
10 include the following statement in 14-point boldface type:

11  
12 "NOTICE

13  
14 INSURANCE COVERAGE PROVIDED IN THE POLICY YOU  
15 ARE BUYING CONTAINS REDUCED LIABILITY  
16 COVERAGE FOR PERSONAL INJURIES OR PROPERTY  
17 DAMAGE RESULTING FROM THE OPERATION OF THE  
18 INSURED VEHICLE. IF LOSSES FROM AN AUTOMOBILE  
19 ACCIDENT EXCEED THE COVERAGE PROVIDED BY THIS  
20 POLICY, YOU CAN BE HELD PERSONALLY LIABLE AND  
21 RESPONSIBLE FOR THOSE LOSSES.

22 THIS POLICY PROVIDES LIABILITY COVERAGE FOR  
23 INJURIES OR DEATH CAUSED TO OTHER PERSONS IN  
24 THE TOTAL AMOUNT OF TEN THOUSAND DOLLARS  
25 (\$10,000) PER PERSON IN ANY ONE ACCIDENT, AND UP  
26 TO A TOTAL AMOUNT OF TWENTY THOUSAND DOLLARS  
27 (\$20,000) FOR ALL PERSONS IN ANY ONE ACCIDENT. THE  
28 POLICY ALSO PROVIDES UP TO A TOTAL AMOUNT OF  
29 THREE THOUSAND DOLLARS (\$3,000) IN LIABILITY  
30 COVERAGE FOR PROPERTY DAMAGE IN ANY ONE  
31 ACCIDENT. IF YOU WANT MORE INSURANCE COVERAGE,  
32 YOU MUST REQUEST A DIFFERENT POLICY.

33 THIS POLICY ALSO DOES NOT COVER DAMAGE TO YOUR  
34 OWN VEHICLE, LOSSES RESULTING FROM YOUR BODILY  
35 INJURY OR DEATH, OR COVERAGE FOR LOSSES CAUSED  
36 BY AN UNINSURED OR UNDERINSURED DRIVER.  
37 HOWEVER, THESE OTHER COVERAGES MAY BE  
38 AVAILABLE AT EXTRA COST THROUGH OTHER  
39 INSURERS.

1 THIS POLICY MAY ALSO CONTAIN UNINSURED  
2 MOTORIST BODILY INJURY COVERAGE IN THE TOTAL  
3 AMOUNT OF TEN THOUSAND DOLLARS (\$10,000) PER  
4 PERSON IN ANY ONE ACCIDENT AND UP TO A TOTAL  
5 AMOUNT OF TWENTY THOUSAND DOLLARS (\$20,000)  
6 FOR ALL PERSONS IN ANY ONE ACCIDENT, IF YOU SO  
7 CHOOSE. IN ADDITION, THIS POLICY MAY ALSO  
8 CONTAIN MEDICAL PAYMENTS COVERAGE IN THE  
9 AMOUNT OF ONE THOUSAND DOLLARS (\$1,000) PER  
10 PERSON IN ANY ONE ACCIDENT, IF YOU SO CHOOSE.

11 THIS POLICY DOES NOT COVER ANY OTHER DRIVER IN  
12 YOUR HOUSEHOLD WHO:

13 (a) IS UNDER 19 YEARS OF AGE; OR  
14 (b) HAS LESS THAN 3 YEARS OF CONTINUOUSLY  
15 LICENSED DRIVING EXPERIENCE (UNLESS THE POLICY  
16 INCLUDES A SURCHARGE FOR THIS DRIVER); OR  
17 (c) HAS MORE THAN ONE OF EITHER, OR BOTH, OF THE  
18 FOLLOWING:

19 —A PROPERTY DAMAGE ONLY ACCIDENT IN WHICH  
20 THE DRIVER WAS PRINCIPALLY AT FAULT.

21 —A POINT FOR A MOVING VIOLATION; OR

22 (d) HAS IN THE PREVIOUS 3 YEARS AN AT-FAULT  
23 ACCIDENT INVOLVING BODILY INJURY OR DEATH; OR

24 (e) HAS A FELONY OR MISDEMEANOR CONVICTION  
25 FROM A VIOLATION OF THE VEHICLE CODE ON HIS OR  
26 HER MOTOR VEHICLE RECORD.”

27  
28 (b) When the certified producer establishes delivery of the  
29 disclosure form specified in subdivision (a) by obtaining the  
30 signature of the applicant or insured, there shall be a conclusive  
31 presumption that the certified producer has complied with the  
32 disclosure requirements of this section.

33 SEC. 7. Section 11629.76 of the Insurance Code is amended  
34 to read:

35 11629.76. (a) For a low-cost automobile insurance policy  
36 issued pursuant to the program, certified producers shall be entitled  
37 to a commission rate of ~~\_\_\_\_\_ percent.~~ *12 percent or fifty dollars*  
38 *(\$50), whichever is greater.*

39 (b) Notwithstanding subdivision (a), the commissioner may at  
40 any time establish a commission for a low-cost automobile

1 insurance policy issued pursuant to the program and may make  
2 the commission effective on any policy originated within an entire  
3 year, or any portion of a year, as is needed to provide an incentive  
4 to certified producers to sell low-cost automobile insurance to  
5 eligible applicants. The commissioner shall not establish a  
6 commission pursuant to this subdivision if the commissioner  
7 determines that setting the commission rate will result in a lower  
8 commission than the commission paid by the California  
9 Automobile Assigned Risk Plan for private passenger, nonfleet  
10 risks under Article 4 (commencing with Section 11620).

11 (c) No other fees of any kind may be charged or collected  
12 pursuant to this section and the sale of a low-cost policy under this  
13 article shall not be conditioned on the purchase of any other product  
14 or service.

15 SEC. 8. Section 11629.77 of the Insurance Code is amended  
16 to read:

17 11629.77. (a) A low-cost automobile insurance policy issued  
18 pursuant to the program shall be canceled only for the following  
19 reasons:

20 (1) Nonpayment of premium.

21 (2) Fraud or material misrepresentation affecting the policy or  
22 the insured.

23 (3) The purchase of additional automobile liability insurance  
24 coverage in violation of subdivision (a) of Section 11629.78.

25 (4) The purchase or maintenance of automobile liability  
26 insurance coverage other than a low-cost policy for any additional  
27 vehicles in the insured's household, in violation of subdivision (b)  
28 of Section 11629.78.

29 ~~(b) The California Automobile Assigned Risk Plan and an~~  
30 ~~insurance carrier shall notify producers of pending policy~~  
31 ~~cancellations. The plan and an insurance carrier shall allow a~~  
32 ~~consumer to reinstate, in lieu of canceling, all policies that have~~  
33 ~~been canceled for nonpayment of premium. The plan and an~~  
34 ~~insurance carrier shall accept payment by check or money order,~~  
35 ~~and shall allow a consumer or producer to make a down payment~~  
36 ~~and installment payments by debit card or credit card, either by~~  
37 ~~telephone or through its Internet Web site.~~

38 (e)

39 (b) A policy shall be nonrenewed only for the following reasons:

40 (1) A substantial increase in the hazard insured against.

(2) The insured no longer meets the applicable eligibility requirements. In this regard, the eligibility of an insured shall be recertified by the California Automobile Assigned Risk Plan after the first year of eligibility, and annually thereafter by the insurer that issued the policy.

(c) *By January 1, 2016, the CAARP Advisory Committee shall report to the commissioner on a proposal, subject to approval by the commissioner, to allow a consumer to reinstate, in lieu of canceling, all policies that have been canceled for nonpayment of premium, and on a proposal, subject to approval by the commissioner, to allow consumers to make installment payments by debit card or credit card. The CAARP Advisory Committee shall also report, by January 1, 2017, on a proposal, subject to approval by the commissioner, to allow access to the program for applicants 16 to 18 years of age who are economically independent and meet other eligibility guidelines, and also for families who have an adult driver covered under the program and a driver 16 to 18 years of age in the household.*

SEC. 9. Section 11629.81 of the Insurance Code is amended to read:

11629.81. (a) The California Automobile Assigned Risk Plan shall report to the commissioner on an annual basis, and at those additional times as it deems prudent, on the status of the program. The report shall include data regarding new policies, renewed policies, and policy cancellations or nonrenewals.

(b) The department shall combine the report pursuant to subdivision (a) with the report required by Section 11629.85 and submit the combined report to the Legislature on or before March 15 of each year.

(c) A report submitted pursuant to subdivision (b) shall be submitted in compliance with Section 9795 of the Government Code.

SEC. 10. Section 11629.84 of the Insurance Code is amended to read:

11629.84. This article shall remain in effect only until January 1, 2020, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2020, deletes or extends that date.

SEC. 11. Section 11629.85 of the Insurance Code is amended to read:

1 11629.85. (a) Notwithstanding Section 10231.5 of the  
2 Government Code, on or before March 15 of each year, the  
3 commissioner shall prepare and propose a plan in a report to the  
4 Legislature setting forth the methods the commissioner intends to  
5 implement to inform households eligible for the program about  
6 the availability of low-cost automobile insurance.

7 (b) The plan shall include, at a minimum, a brief description of  
8 methods proposed to be used, anticipated costs, sources of revenue,  
9 goals, targets, objectives, and a justification of the proposed  
10 methods. The plan shall also explain how the department proposes  
11 to work in cooperation with the California Automobile Assigned  
12 Risk Plan, the social service agencies, the Department of Motor  
13 Vehicles, and community-based organizations in order to inform  
14 eligible households of the existence of the program.

15 (c) The plan shall also include all of the following:

16 (1) The commissioner's determination regarding whether the  
17 program has been successful, based on the criteria specified in  
18 subdivision (d), and an explanation regarding that success or lack  
19 thereof.

20 (2) In cooperation with the California Automobile Assigned  
21 Risk Plan, structural characteristics of the program that may require  
22 statutory revision in order for the program to succeed or to improve  
23 upon existing success.

24 (3) Impediments to success of the program that can reasonably  
25 be overcome by revision to the strategies adopted by the  
26 department.

27 (4) A detailed explanation of the department's use for the  
28 program of funds assessed pursuant to Section 1872.81 for the  
29 previous fiscal year.

30 (5) For the previous calendar year, a list of the total low-cost  
31 auto premium for each county in which the program was available.

32 (d) The program is successful if the following occur:

33 (1) The program generated sufficient premiums to cover losses  
34 incurred under policies issued under the program, and expenses  
35 incurred by the program, as calculated pursuant to subdivision (c)  
36 of Section 11629.72.

37 (2) The program served the public purpose of offering access  
38 to automobile insurance to otherwise underserved communities in  
39 the program areas.

1 (3) The program offered access to automobile insurance to  
2 previously uninsured motorists seeking affordable coverage in the  
3 program areas.

4 (4) The program's outreach efforts lead uninsured motorists to  
5 contact a producer, and the driver obtains any auto insurance policy  
6 that complies with California law.

7 (e) Any written or oral advertisements, including, but not limited  
8 to, paid or unpaid commercial or noncommercial advertising, by  
9 the department with reference to the low-cost automobile insurance  
10 program shall reference the department and shall not reference the  
11 commissioner by name or office, or include the commissioner's  
12 voice, image, or likeness. The department shall not participate with  
13 any nongovernmental entity that produces or intends to produce  
14 advertisements or educational material that include the name of  
15 the commissioner or his or her voice, image, or likeness, and that  
16 are intended to make eligible households aware of the existence  
17 of low-cost automobile insurance.

18 (f) A report submitted pursuant to subdivision (a) shall be  
19 submitted in compliance with Section 9795 of the Government  
20 Code.

21 ~~SEC. 12. Section 11629.87 of the Insurance Code is amended~~  
22 ~~to read:~~

23 ~~11629.87. (a) Subject to the approval of the commissioner,~~  
24 ~~the California Automobile Assigned Risk Plan shall establish and~~  
25 ~~maintain an Internet Web site that shall provide members of the~~  
26 ~~public with an option for each of the following:~~

27 ~~(1) Referral to a list of certified agents or brokers with an office~~  
28 ~~in the same geographic area as the consumer who may be contacted~~  
29 ~~to purchase a low-cost automobile insurance policy. This list shall~~  
30 ~~contain the name, address, telephone number, and, if available,~~  
31 ~~the email address and Internet Web site of those agents or brokers.~~

32 ~~(2) Assignment to a randomly selected certified agent or broker~~  
33 ~~in the same geographic area as the consumer who can be accessed~~  
34 ~~online to process and accept an application to purchase a low-cost~~  
35 ~~automobile insurance policy. The assigned agent or broker shall~~  
36 ~~be subject to the conditions specified in Section 11629.86.~~

37 ~~(3) The ability to apply directly on the Internet Web site.~~

38 ~~(b) The plan may, with the approval of the department, authorize~~  
39 ~~the use, for a designated period of time, of the department-owned~~  
40 ~~Internet Web site domain name <http://www.mylowcostauto.com>,~~

1 or any other relevant domain names controlled by the Department  
2 of Insurance, for the purposes of this section and Section 11629.86.

3 (e) ~~The plan shall ensure that the Internet Web site does all of~~  
4 ~~the following:~~

5 (1) ~~Provides all disclosures and other information required by~~  
6 ~~law that would otherwise be provided by a producer.~~

7 (2) ~~Effectively educates consumers about the eligibility~~  
8 ~~requirements, the benefits, and the limits of the low-cost~~  
9 ~~automobile insurance policy.~~

10 (3) ~~Describes or establishes a process to collect any documents~~  
11 ~~that are necessary for determining qualification for the policy.~~

12 (4) ~~Establishes a process to electronically certify the information~~  
13 ~~provided by the consumer.~~

14 (5) ~~Maintains safeguards to ensure that consumer information~~  
15 ~~transmitted through that Internet Web site is secure.~~

16 (6) ~~Provides the physical address of the producer and the~~  
17 ~~telephone number and e-mail of the producer.~~

18 (7) ~~Provides the contact information for the Consumer Services~~  
19 ~~Division of the department.~~

20 (8) ~~Adheres to any other rules and regulations adopted by the~~  
21 ~~Department of Insurance to promote the purposes of this section~~  
22 ~~and Section 11629.86.~~

23 (9) ~~Notifies the consumer that if he or she does not qualify for~~  
24 ~~the low-cost automobile insurance policy that other policies may~~  
25 ~~be available from producers or insurers. Directs the consumer to~~  
26 ~~the department's auto insurance premium comparison Internet~~  
27 ~~Web page.~~

28 (d) ~~The Internet Web site shall not be made available to the~~  
29 ~~public until the commissioner has made a determination that it~~  
30 ~~adequately provides all of the necessary information a consumer~~  
31 ~~would need in order to apply to purchase the policy.~~

32 (e) ~~The Internet Web site shall be constructed to authorize the~~  
33 ~~consumer to forward the application, supporting documents, and~~  
34 ~~the consumer's certification to the plan.~~

35 (f) ~~The Internet Web site shall accept payment by credit or debit~~  
36 ~~card or other form of electronic payment the department determines~~  
37 ~~to be appropriate. It shall also provide a mechanism for payment~~  
38 ~~by check.~~

39 (g) ~~The Internet Web site shall be made available in English~~  
40 ~~and Spanish and in as many additional languages as feasible. The~~

1 English and Spanish language sites shall be made available to the  
2 public as soon as possible, irrespective of whether other versions  
3 are finalized.

4 (h) ~~The plan may request, and the department may include in~~  
5 ~~its plan submitted pursuant to Section 11629.85, that up to one~~  
6 ~~hundred thousand dollars (\$100,000) from the department's~~  
7 ~~existing consumer outreach fund be made available for the~~  
8 ~~development of the Internet Web site. Electronic signatures shall~~  
9 ~~have the same effect as pen-on-paper signatures for the purposes~~  
10 ~~of this program. The staff answering the plan's toll-free telephone~~  
11 ~~number may transfer the consumer directly to a producer who may~~  
12 ~~sell a policy to the consumer.~~

13 (i) ~~The plan and an insurance carrier shall establish a data system~~  
14 ~~whereby renewed policies, policy cancellations, and nonrenewals~~  
15 ~~can be tracked, both by aggregate numbers and by individual~~  
16 ~~consumer. The department shall have access to both the aggregate~~  
17 ~~and individual consumer data for research and outreach purposes.~~

18 *SEC. 12. Section 11629.86 of the Insurance Code is amended*  
19 *to read:*

20 11629.86. (a) A California Automobile Assigned Risk Plan  
21 certified producer may accept and process an application to  
22 purchase a low-cost automobile insurance policy under this  
23 program through an Internet Web site, in accordance with this  
24 section and regulations adopted by the Department of Insurance  
25 pursuant to this section.

26 (b) Any producer seeking certification to accept and process  
27 low-cost automobile insurance policy applications through an  
28 Internet Web site shall notify the California Automobile Assigned  
29 Risk Plan of its intentions to do so prior to accepting any  
30 applications to the program, and the producer's Internet Web site  
31 shall comply with the rules established by subdivision (c) of  
32 Section 11629.87; program.

33 (c) Prior to accepting payment and upon transmitting any  
34 information from the consumer, the producer's Internet Web site  
35 shall include a clear explanation of whether the consumer will be  
36 afforded insurance coverage upon payment and, if not, when the  
37 consumer will receive coverage and how he or she will receive  
38 notice of coverage.

39 (d) A producer accepting and processing applications through  
40 an Internet Web site shall be entitled to the same commission



1 available to a producer selling a low-cost automobile insurance  
2 policy by any other means acceptable under the law.

3 (e) Any producer accepting and processing applications through  
4 an Internet Web site is subject to the laws and rules governing this  
5 program and is liable for any errors and omissions related to the  
6 transaction of insurance to the same extent as a producer selling  
7 a low-cost automobile insurance policy by any other means  
8 acceptable under the law.

9 (f) Any consumer information required by this article may be  
10 accepted by electronic means after the Department of Insurance  
11 adopts regulations implementing this section and only if the  
12 information is submitted in accordance with those regulations.

13 (g) The California Automobile Assigned Risk Plan shall  
14 coordinate with the Department of Insurance in order to develop  
15 a system for receiving and assigning policies issued through  
16 Internet Web sites.

17 (h) The California Automobile Assigned Risk Plan may request,  
18 and the Department of Insurance may include in its plan submitted  
19 pursuant to Section 11629.85, up to fifty thousand dollars (\$50,000)  
20 from the department's existing consumer outreach fund to be used  
21 for the sole purpose of implementing this section.

22 *SEC. 13. Section 11629.87 of the Insurance Code is repealed.*

23 ~~11629.87. (a) Subject to the approval of the commissioner,~~  
24 ~~the California Automobile Assigned Risk Plan shall establish and~~  
25 ~~maintain, or contract with an entity to establish and maintain, an~~  
26 ~~Internet Web site that shall provide members of the public with~~  
27 ~~an option for either of the following:~~

28 ~~(1) Referral to a list of certified agents or brokers with an office~~  
29 ~~in the same geographic area as the consumer who may be contacted~~  
30 ~~to purchase a low-cost automobile insurance policy. This list shall~~  
31 ~~contain the name, address, telephone number, and, if available,~~  
32 ~~the e-mail address and Internet Web site of those agents or brokers.~~

33 ~~(2) Assignment to a randomly selected certified agent or broker~~  
34 ~~in the same geographic area as the consumer who can be accessed~~  
35 ~~online to process and accept an application to purchase a low-cost~~  
36 ~~automobile insurance policy. The assigned agent or broker shall~~  
37 ~~be subject to the conditions specified in Section 11629.86.~~

38 ~~(b) The plan may, with the approval of the Department of~~  
39 ~~Insurance, authorize the use, for a designated period of time, of~~  
40 ~~the department-owned Internet Web site domain name~~

~~http://www.mylowcostauto.com, or any other relevant domain names controlled by the Department of Insurance, for the purposes of this section and Section 11629.86.~~

~~(e) The plan shall ensure that the Internet Web site does all of the following:~~

~~(1) Provides all disclosures and other information required by law that would otherwise be provided by a producer.~~

~~(2) Effectively educates consumers about the eligibility requirements, the benefits, and the limits of the low-cost automobile insurance policy.~~

~~(3) Describes or establishes a process to collect any documents that are necessary for determining qualification for the policy.~~

~~(4) Establishes a process to electronically certify the information provided by the consumer.~~

~~(5) Maintains safeguards to ensure that consumer information transmitted through that Internet Web site is secure.~~

~~(6) Provides the physical address of the producer and the telephone number and e-mail of the producer.~~

~~(7) Provides the contact information for the Consumer Services Division of the Department of Insurance.~~

~~(8) Adheres to any other rules and regulations adopted by the Department of Insurance to promote the purposes of this section and Section 11629.86.~~

~~(9) Notifies the consumer that if he or she does not qualify for the low-cost automobile insurance policy that other policies may be available from producers or insurers. Directs the consumer to the Department of Insurance's auto insurance premium comparison Internet Web page.~~

~~(d) The Internet Web site shall not be made available to the public until the commissioner has made a determination that it adequately provides all of the necessary information a consumer would need in order to apply to purchase the policy.~~

~~(e) The Internet Web site shall be constructed to authorize the plan-certified producer to forward the application, supporting documents, and the applicant's certification to the plan.~~

~~(f) The Internet Web site shall accept payment by credit or debit card or other form of electronic payment the Department of Insurance determines to be appropriate. It shall also provide a mechanism for payment by check.~~

1 ~~(g) The Internet Web site shall be made available in English~~  
2 ~~and Spanish and in as many additional languages as feasible. The~~  
3 ~~English and Spanish language sites shall be made available to the~~  
4 ~~public as soon as possible, irrespective of whether other versions~~  
5 ~~are finalized.~~

6 ~~(h) Notwithstanding any provision of Chapter 2 (commencing~~  
7 ~~with Section 10290) of Part 2 of Division 2 of the Public Contract~~  
8 ~~Code, if the plan chooses to contract with an entity to establish~~  
9 ~~and maintain the Internet Web site, the plan shall solicit and~~  
10 ~~consider the contract via an open, competitive bid process;~~  
11 ~~however, it shall not issue a request for proposals until the~~  
12 ~~Department of Insurance has approved the request. The contract~~  
13 ~~period shall not extend more than three years. Twelve months~~  
14 ~~before the expiration of the contract, the plan shall determine~~  
15 ~~whether to renew the contract or solicit bids for a new contract.~~

16 ~~(i) The plan may request, and the Department of Insurance may~~  
17 ~~include in its plan submitted pursuant to Section 11629.85, that~~  
18 ~~up to one hundred thousand dollars (\$100,000) from the~~  
19 ~~department's existing consumer outreach fund be made available~~  
20 ~~for the development of the Internet Web Site.~~

21 *SEC. 14. Section 11629.87 is added to the Insurance Code, to*  
22 *read:*

23 *11629.87. (a) The department shall, by December 31, 2015,*  
24 *in consultation with the CAARP Advisory Committee, establish*  
25 *and maintain a consumer-oriented Internet Web site that provides*  
26 *all of the following:*

27 *(1) Referral to a list of certified agents or brokers with an office*  
28 *in the same geographic area as the consumer who may be*  
29 *contacted to purchase a low-cost automobile insurance policy.*

30 *(2) Information about the eligibility requirements, benefits, and*  
31 *limits of the low-cost automobile insurance policy.*

32 *(3) Notification that if a consumer does not qualify for the*  
33 *low-cost automobile insurance policy, other policies may be*  
34 *available from producers or insurers, and directing the consumer*  
35 *to the department's automobile insurance premium comparison*  
36 *Internet Web page.*

37 *(b) The CAARP Advisory Committee shall develop a proposal,*  
38 *by December 31, 2015, subject to approval by the commissioner,*  
39 *for interested consumers to apply for the program without*  
40 *physically visiting the office of a producer. This proposal may*

- 1 *include the electronic uploading of documents, electronic*
- 2 *signatures, linking eligible hotline callers and Internet Web site*
- 3 *visitors directly to one or more producers, and electronic payments.*

O